ATTACHMENT 1

Paragraph 186 of September 20, 1996, Report and Order:

186. We require, pursuant to the mandate of Section 276(b)(1)(B), incumbent LECs to remove from their intrastate rates any charges that recover the costs of payphones. Revised intrastate rates must be effective no later than April 15, 1997. Parties did not submit state-specific information regarding the intrastate rate elements that recover payphone costs. States must determine the intrastate rates elements that must be removed to eliminate any intrastate subsidies within this time frame.

Paragraph 193 of November 8, 1996, Order on Reconsideration:

193. We required in the Report and Order that, pursuant to the mandate of Section 276(b)(1)(B), incumbent LECs must remove from their intrastate rates any charges that recover the costs of payphones. Revised intrastate rates must be effective no later than April 15, 1997. Because parties did not submit state-specific information regarding the intrastate rate elements that recover payphone costs, the Report and Order required that states must determine the intrastate rates elements that must be removed to eliminate any intrastate subsidies within this time frame.

Paragraph 30 of April 4, 1997, Order:

30. We emphasize that LECs must comply with all of the enumerated requirements established in the Payphone Reclassification Proceeding, except as waived herein, before the LECs' payphone operations are eligible to receive the payphone compensation provided by that proceeding. Both independent PSPs and IXCs claim that some LECs have not filed state tariffs that comply with the requirements set forth in the Order on Reconsideration. These requirements are: (1) that payphone service intrastate tariffs be cost-based, consistent with Section 276, and nondiscriminatory; and (2) that the states ensure that payphone costs for unregulated equipment and subsidies be removed from the intrastate local exchange service and exchange access service rates. LEC intrastate tariffs must comply with these requirements by April 15, 1997 in order for the payphone operations of the LECs to be eligible to receive payphone compensation. As discussed above, LECs that have not complied with these requirements will not be entitled to receive compensation.

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service Commission held at its office in Jefferson City on the 11th day of April, 1997.

In the Matter of Southwestern Bell Telephone Company's Revision to the General Exchange Tariff, PSC Mo. No. 35, Regarding Deregulated Pay Telephone Service.	)	**CASE NO. TT-97-345**

ORDER APPROVING TARIFF REVISIONS, DENYING APPLICATIONS TO INTERVENE, MOTIONS TO SUSPEND, AND MOTION FOR PROTECTIVE ORDER, AND DENYING AS MOOT DISCOVERY REQUESTS

On January 15, 1997, Southwestern Bell Telephone Company (SWBT) filed a proposed revision to its General Exchange Tariff, PSC Mo. No. 35, Sections 18 and 34, pertaining to Semi-Public Telephone Service and Customer-Owned Pay Telephone Service. The purpose of the filing is to propose initial tariff changes required to deregulate Pay Telephone Service as required by the Federal Communications Commission (FCC). *See In the Matter of Implementation of Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128, Report and Order (Fed. Comm. Comm'n, Sept. 20, 1996) and Order on Reconsideration (Fed. Comm. Comm'n, Nov. 8, 1996). The proposed tariff revisions bear an effective date of April 15, 1997. SWBT filed substitute sheets on February 19 and on March 24.

On February 24, 1997, MCI Telecommunications Corporation (MCI) filed with the Missouri Public Service Commission (Commission) five documents: an application to intervene; a motion to suspend SWBT's proposed tariff revisions, including an accompanying affidavit by Lane Kollen, Certified Public Accountant (C.P.A.) and Certified Management Accountant (C.M.A.), and accompanying exhibits; a Motion For Protective Order, along

REGULATORY RECEIVED
FROM LEGAL DEPARTMENT

with an exemplar of a protective order used by the Public Utility Commission of Texas; a first request for production of documents directed to SWBT; and a first set of interrogatories directed to SWBT. MCI states in its application to intervene that it has an interest in this proceeding different from that of the general public because the proposed tariff revision may affect MCI's interests as a purchaser of access services and as a provider of intrastate long distance services. MCI states that it opposes SWBT's tariff revision for the reasons set forth in its motion to suspend.

In essence, MCI states in its motion to suspend that in order for SWBT to become eligible for the compensation amount of $45.85 per payphone per month established by the FCC, SWBT must first remove the payphone subsidies from its regulated operations. MCI contends that based upon the methodology used at the interstate level, the intrastate deregulated payphone revenue requirement associated with the removal of payphone investment and associated expenses is approximately $22.007 million, and thus SWBT should be required to reduce its intrastate common carrier line (CCL) revenues by $22.007 million. In support of this claim, MCI filed an affidavit executed by Lane Kollen, C.P.A. and C.M.A. Thus, MCI requests that the Commission suspend SWBT's proposed tariff revisions regarding the deregulation of pay telephone service, in order to allow MCI to complete its discovery regarding SWBT's tariff filing, and to provide an opportunity for a hearing on the removal of the payphone subsidy.

SWBT filed a response on March 4, 1997, stating that MCI's motion for protective order and discovery requests are premature. SWBT also objects to the use of a protective order similar to that used in the State of Texas for the arbitration of interconnection agreements, on the basis that such a protective order would allow MCI's in-house experts to review highly confidential cost and marketing information. SWBT adds that use of the Commission's standard protective order would not prejudice MCI since MCI has already hired an outside expert to be involved in this case. In addition, SWBT filed a second response on March 6, which responded to the merits of MCI's motion to suspend. SWBT states that MCI does not identify a subsidy, but instead only identifies a revenue requirement without taking offsetting revenues into account. SWBT identified a potential subsidy of $579,557 from the 1994 rate design approved by the Commission. However, since 1994, SWBT instituted an Optional Payment Plan in Case No. TT-96-21, which effectively eliminated the subsidy. Moreover, SWBT contends that use of the cost of capital recommended by MCI in its arbitration case with SWBT, Case No. TO-97-40, 9.71 percent, would reduce the cost recovery shortfall to 0. Even use of the cost of capital utilized by the Commission in the arbitration case, 10.03 percent, would result in a substantial reduction of the subsidy from $579,557 to $40,557.

On March 10, the Staff of the Commission (Staff) filed its response to MCI's motion to suspend. Staff states that it disagrees with the quantification set forth in the affidavit of Lane Kollen, since it ignores the revenue associated with SWBT's intrastate payphone service. Staff states that it has been working with SWBT in an attempt to reconcile all differences raised by the tariff filing, but believes that it is unnecessary to suspend the tariffs as MCI has requested. MCI subsequently filed a reply to Staff's response on March 19. MCI recognizes that the calculation of the payphone subsidy at the intrastate jurisdiction involves the calculation of the revenue requirement associated with SWBT's Missouri payphone operations as offset by the payphone revenues that support that revenue requirement. The core of MCI's argument is that the Commission should suspend SWBT's proposed tariffs and grant MCI intervention in order to allow MCI to proceed with its discovery requests and assist the Commission in determining the appropriate amount of the payphone subsidy to be removed from intrastate CCL rates. Finally, SWBT filed a reply to MCI's reply to Staff's response on March 27. SWBT points out that MCI failed to address the rate of return issue inherent in the subsidy calculation. The potential subsidy was calculated using the FCC's authorized return of 11.25 percent. SWBT notes that if the Commission used either the 10.03 percent return used in the arbitration case with MCI, or the 9.99 percent return authorized in SWBT's last rate case, Case No. TC-93-224, the purported subsidy would be less than $50,000.

On March 24, Midwest Independent Coin Payphone Association (MICPA) also filed a motion to suspend and application to intervene. MICPA raises approximately ten issues:

1. SWBT's tariff does not unbundle coin line features from the basic payphone line, and thus, SWBT should be required to tariff "basic payphone lines" for its COCOT and coin line services, and separately tariff the features or functionalities used with the basic lines.

2. MICPA contends that Answer Supervision - Line Side Service and SCOCS service are priced well above their cost, and since SWBT only charges for these services for COCOT lines while including these services at no cost for coin lines, SWBT may not be pricing its COCOT and line features at cost-based rates, and therefore SWBT must be required to disclose its methods for pricing COCOT and coin lines.

3. SWBT's tariff claims that it will provide coin line service only "where the necessary facilities are available," therefore, SWBT must be required to disclose in which areas coin line service is "unavailable" and how many, if any, payphones it has currently installed in such areas, in order to ensure that no discrimination is taking place.

4. Since the FCC orders permit payphone service providers to set coin line end user rates for intraLATA toll calls and the rating of local calls, SWBT must permit independent payphone providers to set the initial time period, the overtime periods, and all rates corresponding to these

rates for local calls, so that the independent payphone providers are not required to use the preferred local rates of SWBT's payphone division. In addition, SWBT should clarify in its tariff that payphone providers can set directory assistance rates and the rates for Directory Assistance Call Completion.

5. SWBT should be required to amend its tariffs to provide that all non-emergency operator assisted calls will be sent to the operator service provider selected by the payphone service provider.

6. SWBT should announce what its number assignment policy is and how the policy is applied to SWBT's payphone division and other payphone service providers.

7. SWBT provides independent payphone providers using COCOT lines with an "07" code, which merely indicates the presence of calling restrictions and can be assigned to a variety of non-payphone lines, while using a unique "27" code which identifies calls as payphone calls for its coin lines. Consequently, having a unique screening code automatically transmitted to the IXC provides SWBT payphones with a tremendous advantage in the collection of per-call payphone compensation, and thus SWBT should clarify in its tariff that it will provide payphone service providers using COCOT lines with a screening code that uniquely identifies their lines as payphone lines.

8. Since operator services are a regulated service separable from SWBT's deregulated payphone service, SWBT must consequently demonstrate that it is not subsidizing its payphone operations or discriminating between its payphone operations and other payphone service providers in the provision of such services.

9. That to the extent there are any differences in call set up timing between COCOT lines and coin lines, or between any independent payphone provider and the SWBT payphone division, SWBT must describe the differences in detail and explain to the Commission what steps it will take to equalize timing in accordance with the FCC's requirements.

10. SWBT should be required to describe the procedures it uses to ensure that SWBT's payphone division pays taxes on the revenue earned from its payphones.

On April 4, 1997, SWBT filed a response to MICPA's motion to suspend. That response may be summarized as follows:

1. SWBT has met the FCC's requirements because the coin line features utilized by SWBT's payphone operations are part of the coin line and these features are offered as part

of the SmartCoin line to other payphone providers under the same terms and conditions. There is no requirement that SWBT separately tariff Call Screening, Coin Supervision, or any of the other functionalities discussed by MICPA.

2. SWBT explains that the cost of providing Answer Supervision for a COCOT line is greater than the cost to provide the same function for dumb sets using SmartCoin service, since SmartCoin is by definition a switch-based coin functionality which uses this existing signaling, at minimal cost, to indicate that the call has been answered and billing should begin, while the Answer Supervision feature provided with smart sets must by necessity deliver the signal from the central office to the customer's pay telephone set.

3. SWBT will provide SmartCoin lines in any central office which currently serves any SWBT payphones. Where SWBT has dumb payphones, its competitors will be able to purchase SmartCoin lines or COCOT lines.

4. The measurement of local calls from payphones is not a service which SWBT provides to its own payphone division, therefore it is not required to provide it for other payphone providers. Since all directory assistance calls are operator handled, these calls have rates set by the payphone provider. The same is true for Directory Assistance Call Completion.

5. Currently, almost all private payphones are smart sets using COCOT service, which allows the payphone service provider to select their own operator service provider and intraLATA carrier through programming in the smart payphone. However, subscribers using dumb sets with SmartCoin service cannot select the operator service provider for intraLATA traffic until intraLATA dialing parity is implemented. Nevertheless, neither the Federal Telecommunications Act of 1996 nor the FCC requires SWBT to implement intraLATA dialing parity for payphones sooner than for any other phones. In addition, the telephone company switch cannot determine in advance whether the caller dialing "0" is making an emergency call.

6. SWBT will assign new payphone numbers randomly to both its own payphone operations and to independent payphone service providers.

7. The FCC has already ruled that SWBT may provide originating line screening (OLS) by means of SWBT's Line Information Data Base (LIDB) for all SmartCoin lines. ANI "27" digits will be provided as ANI II. For all COCOT lines, ANI "07" digits will be provided as ANI II, and a screening code discretely identifying the line as

a payphone will be provided to the IXC as part of the originating line number screening response from LIDB.

8. SWBT's operator services are not part of SWBT's deregulated payphone service, and therefore operator services are not addressed in this filing.

9. SWBT's network does not differentiate between payphone service providers when handling call set up.

10. Deregulation will not affect the imposition of any municipality's taxing policies, therefore MICPA's request is irrelevant to this docket.

Staff filed a memorandum on April 4 containing its overall recommendation regarding SWBT's proposed tariff sheets. The memorandum contained an extensive discussion of the background of this case, including an analysis of the FCC orders, the merits of the motions to suspend, and an analysis of whether the proposed tariff changes comply with the FCC orders. By way of background, Staff indicates that the FCC orders require local exchange companies (LECs) to (1) remove subsidies; (2) offer cost-based rates; (3) offer payphone services to competitors in a nondiscriminatory manner consistent with how it provides those same services to its own payphone operations; (4) apply the multiline business SLC to all lines to which a payphone is attached; (5) establish demarcation points for payphone service providers at parity with that which it provides to its own payphone operations; and (6) obtain state-approved tariffs prior to the receipt of dial-around compensation from interexchange carriers (IXCs) for its payphones. Currently dial-around compensation is set at $45.85 per payphone per month. On October 7, 1997, this compensation will be set at $.35 per call, and on October 7, 1998 this compensation will be set at the market rate (local coin rate) in the absence of a specific agreement between the IXC and the payphone provider.

With regard to SWBT's subsidy calculation, Staff maintains that use of the last Commission-authorized rate of return (9.99 percent) is more appropriate than using the interstate rate of return. Use of the 9.99 percent rate of return yields approximately $17,000 of revenue in excess of costs for SWBT's intrastate payphone operations. For this reason, Staff believes that no intrastate rate reductions are necessary. The Commission's accounting department has reviewed SWBT's subsidy calculation, and has found SWBT's methodology to be appropriate. However, Staff specifically rejects SWBT's arguments that it is no longer under rate base/rate of return regulation and its argument that no revenue reduction is necessary because of prior rate reductions such as the Optional Payment Plan and Educational Discount, which exceed the subsidy amount. Staff recommends that the Commission reserve judgment in this proceeding as to whether SWBT is no longer under rate base/rate of return regulation, and recommends that the Commission find invalid SWBT's argument that revenues should not be reduced as a result of the institution of the Optional Payment Plan and Educational Discounts.

With regard to MICPA's motion to suspend, Staff states that MICPA wants SWBT to unbundle payphone service to an extent far beyond what has been contemplated by the FCC's orders. Staff is opposed to further unbundling because the FCC's requirements have been met, and because further unbundling may not be wise from a public policy standpoint. For example, the answer supervision utilized by dumb phones is an integral part of the central office functionality and should not be unbundled from "the basic payphone line." In addition, Staff notes that SWBT will not be the "primary beneficiary of its own low coin rates," since payphone service providers may utilize dumb phones under SWBT's proposed tariff filing just as SWBT does. Further, while MICPA questions whether SWBT is pricing its services at cost based rates, SWBT has supplied to the Staff supporting cost information which the Staff believes to be sufficient justification for SWBT's proposed rates. With regard to MICPA's request that SWBT be required to disclose how many payphones it has and in what areas, Staff points out that this information is available to MICPA through SWBT's annual report to the Commission. Staff also questions the wisdom of timing (setting initial time periods and overtime periods) for local payphone calls, and submits that such public policy questions are best addressed outside of the context of a tariff filing. Finally, Staff states that other objections by MICPA such as call set up time, collection of taxes, screening codes, and number assignment are either technical issues not relevant to the tariff process, issues best addressed in other federal or state commission proceedings, or are not relevant to this docket at all. Staff thus recommends that the Commission deny MICPA's motion to suspend, and reiterates its recommendation that the Commission deny MCI's motion to suspend as well.

With regard to the proposed tariff revisions themselves, Staff first explains the difference between smart payphones and dumb payphones, then notes that SWBT currently offers lines to which the smart payphones can be attached, referred to as CCOT or smart payphone lines. In addition, the tariff revisions will make available SmartCoin or dumb payphone lines, which can be used in conjunction with dumb payphones. The SmartCoin service will provide payphone service providers with OLS, coin supervision and administration, answer supervision, access to 911 and operator services, sent paid quotes, automatic rate table and automatic NPA-NXX update. SWBT proposes to offer fraud protection in the form of selective class of call screening, answer supervision, bill number screening, and installation of basic services on an unbundled basis. SmartCoin customers have the ability to set and change the rates in their dumb phones for local sent paid calls which do not require the assistance of an operator. In addition, Staff states that SWBT will provide SmartCoin service customers the ability to establish and change rates for operator handled, intraLATA long distance and directory assistance call completion, and sent paid calls, although this is not required by either the FCC or the Commission.

Staff also states that SWBT will provide its SmartCoin service at a monthly rate of $12 in addition to the existing charge of $30.70 for its COCOT line rate. SWBT has submitted cost study information in support of its existing and proposed payphone services, and Staff has examined the incremental cost data and submits that SWBT's method of determining costs is in compliance with the FCC's orders. Based upon the cost data, Staff believes that SWBT's proposed rates for its payphone services are reasonable. In addition, Staff indicates that it believes SWBT has complied with the FCC's directive regarding demarcation point standards. Further, Staff notes that SWBT will apply the multiline business SLC to all payphone lines, rather than the residential SLC which it currently applies to the lines of customers who utilize SWBT's semi-public telephone service. Finally, Staff maintains that approval of the proposed tariff sheets will not contradict the Commission's appeal of the FCC's payphone order. Staff concludes that SWBT's proposed tariff filing complies with the FCC's orders, and recommends that the Commission approve the tariff sheets as amended.

The Commission has thoroughly reviewed the many filings in this case, including the motions to suspend filed by MCI and MICPA, and finds that SWBT's proposed tariff revisions are in compliance with the FCC's orders, and should therefore be approved as amended. Since there is adequate information for the Commission to find that the tariff revisions comply with the directives of the FCC, the Commission finds that the suspension of the tariff revisions is unnecessary. Therefore, the applications to intervene and motions to suspend filed by MCI and MICPA should be denied. Since the tariff revisions will not be suspended, MCI's motion for protective order is unnecessary, and will be denied. In addition, MCI's discovery requests are denied as moot. The Commission further finds that no intrastate rate reductions are necessary in conjunction with SWBT's subsidy calculation, and finds that the rates proposed by SWBT for its payphone services are just and reasonable.

The Commission finds that approval of the tariff revision will allow SWBT to comply with the FCC's condition precedent to obtaining dial-around compensation from IXCs, at a rate of $45.85 per payphone per month. Additionally, independent payphone providers will benefit from approval of this tariff filing since they will now be able to use dumb payphones in conjunction with SWBT's SmartCoin service. Moreover, consumers could potentially see the benefits of additional payphone competition. Further, the Commission's decision in this case should not be construed as an indication of whether or not SWBT remains under rate base/rate of return regulation. Finally, in reaching its finding that intrastate rate reductions are unnecessary, the Commission has not relied on SWBT's argument that prior revenue reductions such as the Optional Payment Plan and Educational Discounts should be considered in lieu of ordering a rate reduction in this case.

IT IS THEREFORE ORDERED:

1. That the application to intervene, motion to suspend, and motion for protective order filed by MCI Telecommunications Corporation on February 24, 1997, are hereby denied.

2. That the discovery requests filed by MCI Telecommunications Corporation on February 24, 1997 are hereby denied as moot.

3. That the application to intervene and motion to suspend filed by Midwest Independent Coin Payphone Association on March 24, 1997 are hereby denied.

4. That the following revisions to Southwestern Bell Telephone Company's General Exchange Tariff P.S.C. Mo. No. 35, filed on January 15, 1997, as amended on February 19, 1997, and March 24, 1997, are hereby approved to become effective April 15, 1997:

<u>Section 18</u>

5th Revised Sheet 1 replacing 4th Revised Sheet 1,
6th Revised Sheet 2,
2nd Revised Sheet 3,
4th Revised Sheet 4,
Original Sheets 5, 6 and 7.

<u>Section 34</u>

5th Revised Sheet 1 replacing 4th Revised Sheet 1
6th Revised Sheet 2 replacing 5th Revised Sheet 2
Original Sheet 2.01
Original Sheet 2.02
6th Revised Sheet 3 replacing 5th Revised Sheet 3
1st Revised Sheet 3.01 replacing Original Sheet 3.01
5th Revised Sheet 4 replacing 4th Revised Sheet 4
9th Revised Sheet 5 replacing 8th Revised Sheet 5
Original Sheet 6

5. That this Order shall become effective on April 15, 1997.

BY THE COMMISSION

Cecil I. Wright

Cecil I. Wright
Executive Secretary

(S E A L)

Zobrist, Chm., Crumpton, and
Drainer, CC., Concur.
McClure, C., Absent.

ALJ: Bensavage

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BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICANT: SOUTHWESTERN BELL TELEPHONE COMPANY RELIEF SOUGHT: AN ORDER APPROVING PROPOSED REVISIONS IN APPLICANT'S GENERAL EXCHANGE TARIFF.	)	CAUSE NO. PUD 960000161

ORDER NO 411328

HEARING: April 10, 1997
Before Robert E. Goldfield, Administrative Law Judge

APPEARANCES: Amy R. Wagner, Attorney
Southwestern Bell Telephone Company
Mickey S. Moon, Assistant Attorney General
Office of the Attorney General, State of Oklahoma
Nancy Thompson, Attorney
CoinLink L.L.C.
J. David Jacobson, Attorney
Cherokee Communications, Inc. and Oklahoma Payphone Association
Kathy Kunc and Ron Comingdeer, Attorneys
Oklahoma Rural Telephone Coalition
Robert D. Allen and O. Carey Epps, Attorneys
AT&T Communications of the Southwest, Inc.
Ronald E. Stakem, Attorney
MCI Telecommunications Corporation
Kim Blaylock and Bill Bullard, Attorneys
Chouteau Telephone Company, Cimarron Telephone Company, Cross Telephone Company, Pottawatomie Telephone Company and Totah Telephone Company
Cece L. Wood, Assistant General Counsel
Public Utility Division, Oklahoma Corporation Commission

INTERIM ORDER

BY THE COMMISSION:

The Corporation Commission of the State of Oklahoma ("the Commission") being regularly in session and the undersigned Commissioners being present and participating, there comes on for consideration and action the Staff's Motion for Interim Approval of Tariffs Subject to Refund/True-Up.

On June 6, 1996, Southwestern Bell Telephone Company ("SWB") filed an Application for approval of proposed revisions to Applicant's General Exchange Tariff. On June 13, 1996, SWB filed a Motion for Protective Order. By Order No. 402730 dated June 19, 1997, the Commission granted motions to intervene of the Attorney General of the State of Oklahoma, Cherokee Communications, Inc., Oklahoma Rural Telephone Coalition, AT&T Communications of the Southwest, Inc., CoinLink L.L.C., MCI Telecommunications Corporation, Chouteau Telephone Company, Cimarron Telephone Company, Cross Telephone Company, Pottawatomie Telephone Company and Totah Telephone Company.

By Order No. 402931 dated June 26, 1997, the Commission granted SWB's Motion for Protective Order.

On September 20, 1996, SWB filed an Amended Application. On January 15, 1997, SWB filed a Second Amended Application. On February 20, 1997, SWB filed a Third Amended Application. On March 7, 1997, SWB filed a Fourth Amended Application.

On March 21, 1997, the Oklahoma Payphone Association ("OPA") filed a Motion to Intervene and Objections. On March 27, 1997, at the hearing of this motion, the intervention was granted and the objections denied without prejudice to refile.

On April 4, 1997, the Staff filed a Motion for Interim Approval of Tariffs Subject to Refund/True-Up.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Commission finds that it has jurisdiction over the above-entitled cause pursuant to 47 U.S.C. § 252 (the Federal Act), Article IX, Section 18 of the Oklahoma Constitution, 17 O.S. (1996) § 131, *et seq.*, and OAC 165:58.

The Commission further finds that the Federal Communications Commission ("FCC") has issued a "Report and Order" and an "Order on Reconsideration" ("FCC Orders") in CC Docket Nos. 96-128 and 91-35 which establishes that "all required tariffs . . . must be filed no later than January 15, 1997 and must be effective no later than April 15, 1997." In addition, the FCC Orders have placed the responsibility for review and approval of the filed tariffs upon the states and directed each state to ensure that the tariffs for payphone services be: 1) cost based; 2) consistent with the requirements of Section 276 of the Telecommunications Act of 1996, for example, the removal of subsidy from exchange services; and 3) non-discriminatory.

The Commission finds that due to the mandate to have tariffs effective by April 15, 1997, an Interim Order should be issued in this Cause allowing SWB's tariffs to go into effect on an interim basis subject to refund with interest/true-up pending investigation and analysis of the tariffs by Staff, and final approval by the Commission.

The Commission further finds that implementation of these tariffs on an interim basis subject to refund with interest/true-up, will ensure that no payphone service providers are disadvantaged once permanent rates are approved by this Commission.

ORDER

IT IS THEREFORE THE ORDER OF THE OKLAHOMA CORPORATION COMMISSION that the proposed revisions in Applicant's General Exchange Tariff are hereby permitted to go into effect April 15, 1997, on an interim basis subject to refund with interest/true-up, pending thorough investigation and analysis of the tariffs by Staff and final approval by the Commission.

CORPORATION COMMISSION OF OKLAHOMA

Cody L. Graves

CODY L. GRAVES, Chairman

Bob Anthony

BOB ANTHONY, Vice Chairman

Ed Apple

ED APPLE, Commissioner

DONE AND PERFORMED THIS 15 DAY OF APRIL, 1997, BY ORDER OF THE COMMISSION:

Charlotte W. Flanagan

CHARLOTTE W. FLANAGAN, Secretary

REPORT OF THE ADMINISTRATIVE LAW JUDGE

The foregoing Findings and Order are the Report and Recommendations of the Administrative Law Judge.

Robert E. Goldfield

ROBERT E. GOLDFIELD
Administrative Law Judge

April 11, 1997

DATE

DOCKET NO. 16890

APPLICATION OF SOUTHWESTERN BELL TELEPHONE COMPANY TO REVISE CUSTOMER-OWNED PAY TELEPHONE SERVICE (COPTS) TARIFF IN COMPLIANCE WITH FEDERAL COMMUNICATIONS COMMISSION (FCC) ORDERS	§ § § § § § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

ORDER NO. 6
GRANTING INTERIM APPROVAL OF THE APPLICATION;
SUSPENDING EFFECTIVE DATE;
APPROVING NOTICE

Granting Interim Approval of the Application. On 15 January 1997, Southwestern Bell Telephone Company (Applicant) filed the above-referenced application to revise its General Exchange Tariff in compliance with orders issued by the Federal Communications Commission (FCC) in CC Docket 96-128, relating to payphone deregulation. Specifically, the FCC ordered all incumbent local exchange companies to "remove all subsidies" and reclassify "pay telephone equipment assets from regulated to non regulated status," and to file tariffs effecting such changes by 15 January 1997, with an effective date of not later than 15 April 1997. On 11 February 1997, the Public Utility Commission of Texas (Commission) ruled that an interim order issued by 15 April 1997 will satisfy the FCC's required effective date. Interim approval appears appropriate, since the undersigned administrative law judge will recommend to the Secretary of the Commission that this matter be referred to the State Office of Administrative Hearings, thus rendering final disposition by 15 April 1997 unlikely.

Pursuant to P.U.C. PROC. R. 22.125, based on the agreement of all parties, interim approval of the tariff revisions proposed in this application, as revised on 26 February 1997 and 4 April 1997, is hereby granted, effective 15 April 1997, subject to refund or surcharge to the extent that the interim rates differ from the rates ultimately established by the Commission. Entry of this order does not constitute a Commission determination that the applicant has complied with the substantive requirements and mandates of the FCC's orders, including the certification requirements specified in Paragraph 131 of the Order on Reconsideration issued 8 November 1996.

Suspending Effective Date. Pursuant to P.U.C. SUBST. R. 23.24(j), operation of the proposed tariff revisions is hereby suspended for a period of 185 days from the filing date, until 19 July 1997.

Approving Notice. This application included a proposal for notice, addressing both text and manner of provision, *viz.*, by direct mail to all payphone customers. Pursuant to P.U.C. PROC. R. 22.55, said proposal is hereby approved and required to be provided. Applicant shall file proof of notice upon completion.

SIGNED AT AUSTIN, TEXAS the 8th day of April, 1997.

PUBLIC UTILITY COMMISSION OF TEXAS

Susan Butterick

SUSAN BUTTERICK
ADMINISTRATIVE LAW JUDGE

Larry Hull
Vice President-General Manager
Public Communications

Southwestern Bell Telephone
1010 N. St. Mary's, Room 901
P.O. Box 2780
San Antonio, Texas 78299-2780
Phone 210 351-7800

Southwestern Bell

EX PARTE OR LATE FILED

June 6, 1997

Mr . John Feeley
AT&T Companies
1100 Walnut., Rm. 0625-2
Kansas City, MO 64106

Dear Mr. Feeley:

Pursuant to the Order on Reconsideration, FCC 96-439 (Nov. 8, 1996), each IXC with annual toll revenues in excess of \$100M, is responsible for payment of its proportionate amount of the flat-rate interim compensation charge of \$45.85 per payphone to payphone service providers (PSPs). The Order on Reconsideration (paragraphs 131 and 132) also enumerated certain requirements applicable to all LEC's and required that RBOC LECs have an approved CEI plan. To be eligible to receive compensation, the FCC determined that a LEC, including RBOC LECs, must be able to certify that the LEC has complied with all applicable requirements.

SWBT has previously provided such certification to AT&T Companies by letter dated June 4, 1997. Accordingly, Southwestern Bell Telephone Company (SWBT) will be forwarding a bill for compensation to you in the near future. At that time, two documents will be sent to you, the Ancillary Services Billing System Summary Report (the "AS310 report") and a Billing Document. The first bill will cover the time period April 15, 1997 through May 31, 1997. Thereafter, you will receive a bill for each succeeding calendar month.

The AS310 report will be created monthly and will include the number of SWBT payphones subject to billing and associated charges, itemized by state, and will be mailed via regular U.S. mail during the second week of the month. This will be your official notification of charges due.

The Billing Document will list the current charges due for the preceding month, and any unpaid balance from previous months. The main purpose of the Billing Document is to provide you with a return document for payment.

We intend to send the first bill for AT&T Companies to National Payphone Clearinghouse, 201 East 4th Street, Room 102-980, Cincinnati, OH 45201. Payment is due fifteen days after the June 30, 1997 COPT Quarterly Data File is issued. Thereafter, we will bill monthly for interim payphone compensation, and payment will be due thirty days after each bill is issued. If future bills should be directed to another person or address, or if you have any specific questions regarding your bill, or wish to propose other billing terms, please advise Ron Bartmett at (210)351-7846.

Sincerely,

Larry Hull

Larry Hull

CC: National Payphone Clearinghouse
John Feeley, AT&T Corporation
Bill Schindler, Area Manager-Regional Sales

Larry Hull
Vice President-General Manager
Public Communications

Southwestern Bell Telephone
1010 N. St. Mary's, Room 901
P.O. Box 2780
San Antonio, Texas 78299-2780
Phone 210 351-7800

Southwestern Bell

June 6, 1997

Mr. John Hogue
Staff Director-Industry Relations
Sprint Communications Co.
8140 Ward Parkway
Kansas City, MO 64114

Dear Mr. Hogue:

Pursuant to the Order on Reconsideration, FCC 96-439 (Nov. 8, 1996), each IXC with annual toll revenues in excess of $100M, is responsible for payment of its proportionate amount of the flat-rate interim compensation charge of $45.85 per payphone to payphone service providers (PSPs). The Order on Reconsideration (paragraphs 131 and 132) also enumerated certain requirements applicable to all LEC's and required that RBOC LECs have an approved CEI plan. To be eligible to receive compensation, the FCC determined that a LEC, including RBOC LECs, must be able to certify that the LEC has complied with all applicable requirements.

SWBT has previously provided such certification to Sprint Communications Co. by letter dated June 4, 1997. Accordingly, Southwestern Bell Telephone Company (SWBT) will be forwarding a bill for compensation to you in the near future. At that time, two documents will be sent to you, the Ancillary Services Billing System Summary Report (the "AS310 report") and a Billing Document. The first bill will cover the time period April 15, 1997 through May 31, 1997. Thereafter, you will receive a bill for each succeeding calendar month.

The AS310 report will be created monthly and will include the number of SWBT payphones subject to billing and associated charges, itemized by state, and will be mailed via regular U.S. mail during the second week of the month. This will be your official notification of charges due.

The Billing Document will list the current charges due for the preceding month, and any unpaid balance from previous months. The main purpose of the Billing Document is to provide you with a return document for payment.

We intend to send the first bill directly to you. Payment is due fifteen days after the June 30, 1997 COPT Quarterly Data File is issued. Thereafter, we will bill monthly for interim payphone compensation, and payment will be due thirty days after each bill is issued. If future bills should be directed to another person or address, or if you have any specific questions regarding your bill, or wish to propose other billing terms, please advise Ron Bartnett at (210)351-7846.

Sincerely,

Larry Hull

Larry Hull

CC: Judy Henke, Area Manager-Regional Sales

Larry Hull
Vice President-General Manager
Public Communications

Southwestern Bell Telephone
1010 N. St. Mary's, Room 901
P.O. Box 2780
San Antonio, Texas 78299-2780
Phone 210 351-7800

Southwestern Bell

June 6, 1997

Mr . Rick Heitmann
Associate General Counsel & Vice President
State Regulatory Policy
Worldcom
515 E. Amite Street
Jackson, MS 39201-2702

Dear Mr. Heitmann:

Pursuant to the Order on Reconsideration, FCC 96-439 (Nov. 8, 1996), each IXC with annual toll revenues in excess of $100M, is responsible for payment of its proportionate amount of the flat-rate interim compensation charge of $45.85 per payphone to payphone service providers (PSPs). The Order on Reconsideration (paragraphs 131 and 132) also enumerated certain requirements applicable to all LEC's and required that RBOC LECs have an approved CEI plan. To be eligible to receive compensation, the FCC determined that a LEC, including RBOC LECs, must be able to certify that the LEC has complied with all applicable requirements.

SWBT has previously provided such certification to Worldcom by letter dated June 4, 1997. Accordingly, Southwestern Bell Telephone Company (SWBT) will be forwarding a bill for compensation to you in the near future. At that time, two documents will be sent to you, the Ancillary Services Billing System Summary Report (the "AS310 report") and a Billing Document. The first bill will cover the time period April 15, 1997 through May 31, 1997. Thereafter, you will receive a bill for each succeeding calendar month.

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Sincerely,

Larry Hull

Larry Hull

CC: Jack Biermann, Area Manager-Regional Sales

Larry Hull
Vice President-General Manager
Public Communications

Southwestern Bell Telephone
1010 N. St. Mary's, Room 901
P.O. Box 2780
San Antonio, Texas 78299-2780
Phone 210 351-7800

Southwestern Bell

June 6, 1997

Ms. Ann Scott
Director-Carrier Relations
LCI International Telecom Corp.
8180 Greensboro Dr., Ste. 800
McLean, VA 22102

Dear Ms. Scott:

Pursuant to the Order on Reconsideration, FCC 96-439 (Nov. 8, 1996), each IXC with annual toll revenues in excess of $100M, is responsible for payment of its proportionate amount of the flat-rate interim compensation charge of $45.85 per payphone to payphone service providers (PSPs). The Order on Reconsideration (paragraphs 131 and 132) also enumerated certain requirements applicable to all LEC's and required that RBOC LECs have an approved CEI plan. To be eligible to receive compensation, the FCC determined that a LEC, including RBOC LECs, must be able to certify that the LEC has complied with all applicable requirements.

SWBT has previously provided such certification to LCI International Telecom Corp. by letter dated June 4, 1997. Accordingly, Southwestern Bell Telephone Company (SWBT) will be forwarding a bill for compensation to you in the near future. At that time, two documents will be sent to you, the Ancillary Services Billing System Summary Report (the "AS310 report") and a Billing Document. The first bill will cover the time period April 15, 1997 through May 31, 1997. Thereafter, you will receive a bill for each succeeding calendar month.

The AS310 report will be created monthly and will include the number of SWBT payphones subject to billing and associated charges, itemized by state, and will be mailed via regular U.S. mail during the second week of the month. This will be your official notification of charges due.

The Billing Document will list the current charges due for the preceding month, and any unpaid balance from previous months. The main purpose of the Billing Document is to provide you with a return document for payment.

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Sincerely,

Larry W Hull

Larry Hull